

HOUSE BILL No. 1849

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-2.5-4-5; IC 6-2.5-5-39.

Synopsis: Sales tax exemption. Exempts utility charges from the sales tax. Provides that a utility is not a retail merchant for sales tax purposes.

Effective: July 1, 1999.

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January 26, 1999, read first time and referred to Committee on Ways and Means.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1849

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-2.5-4-5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5. (a) As used in this
3 section, a "power subsidiary" means a corporation which is owned or
4 controlled by one (1) or more public utilities that furnish or sell
5 electrical energy, natural or artificial gas, water, steam, or steam heat
6 and which produces power exclusively for the use of those public
7 utilities.

8 (b) A power subsidiary or a person engaged as a public utility is **not**
9 a retail merchant making a retail transaction when the subsidiary or
10 person furnishes or sells electrical energy, natural or artificial gas,
11 water, steam, or steam heating service to a person for commercial or
12 domestic consumption.

13 (c) ~~Notwithstanding subsection (b); a power subsidiary or a person~~
14 ~~engaged as a public utility is not a retail merchant making a retail~~
15 ~~transaction when:~~

16 ~~(1) the power subsidiary or person provides, installs, constructs,~~
17 ~~services, or removes tangible personal property which is used in~~



connection with the furnishing of the services or commodities listed in subsection (b);

(2) the power subsidiary or person sells the services or commodities listed in subsection (b) to another public utility or power subsidiary described in this section or a person described in section 6 of this chapter; or

(3) the power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, refining, oil extraction, mineral extraction, irrigation, agriculture, or horticulture. However, this exclusion for sales of the services and commodities only applies if the services are consumed as an essential and integral part of an integrated process that produces tangible personal property and those sales are separately metered for the excepted uses listed in this subdivision, or if those sales are not separately metered but are predominately used by the purchaser for the excepted uses listed in this subdivision.

SECTION 2. IC 6-2.5-5-39 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 39. (a) As used in this section, "public utility" has the meaning set forth in IC 8-1-2-1.

(b) A transaction in which a public utility furnishes or sells:

(1) the production, transmission, delivery, or furnishing of heat, light, water, or power;

(2) collection, treatment, purification, and disposal in a sanitary manner of liquid or solid waste, sewage, night soil, or industrial waste;

(3) telephone or telegraph conveyance; or

(4) natural or artificial gas, steam, or steam heating service;

for commercial or domestic consumption is exempt from the state gross retail tax.

SECTION 3. [EFFECTIVE JULY 1, 1999] For purposes of IC 6-2.5-4-5, as amended by this act, and IC 6-2.5-5-39, as added by this act, transactions that constitute the furnishing of public utility services and commodities for which the charges are collected upon original statements and billings dated after July 31, 1999, are considered as occurring after June 30, 1999.

